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56-3742

24 OCT 1956

MEMORANDUM FOR : Acting Deputy Director (Support)

SUBJECT : GEHA Life Insurance Coverage

REFERENCE : Memorandum to Acting Director
of Central Intelligence, same
subject, dated 12 October 1956

56-3639

1. I am returning the referenced memorandum to you without concurrence. This is not because I necessarily disagree with any of the legal principles involved or expounded, but because I feel that the document fails to take cognizance of an important and basic issue: the personnel problems and requirements of the Clandestine Services.
2. Historically the determining factor in the formation and background of GEHA was that operational security, primarily for the Clandestine Services, required us to prohibit CS employees from obtaining group insurance and hospitalization through normal channels. This posed the problem of providing an alternate channel capable of acting as cut-out and yet furnishing the insurance services at rates comparable to benefits available to overt government employees.
3. As I understand the present problem, it is a question of the effect on group rates (important to all CS employees) which could result from concentrated losses to a small special group of individuals; and, if I remember correctly, the question posed was whether it would be legally possible for the Agency to underwrite any excessive losses to such a small group in order not to have such experience adversely influence the regular rates to the Richard ROES and Jane DOES whom we force to seek coverage solely through GEHA.

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4. Inasmuch as I believe the question to be an important point in Clandestine Services morale and personnel management, I simply wish to be sure that it is adequately considered in any final decision by the Director. As the referenced memorandum appears to ignore these aspects which I consider basic, I feel that perhaps you may wish to review this facet before presenting a formal paper to the Director.



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Chief of Operations, DD/P

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